

Message Text

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SUBJ: HIGHLIGHTS OF PANAMA REVIEW COMMITTEE
MEETING, AUGUST 14, 1974

1. MEETING WAS HELD AT CHANCERY. AMBASSADOR JORDEN REPORTED BRIEFLY ON LATEST TREATY NEGOTIATING SESSION AT CONTADORA ISLAND, AUGUST 8-12. HE INDICATED SESSION HAD NOT GONE QUITE AS WELL AS PAST MEETINGS WITH SOME DIFFERENCES REMAINING OVER THRESHOLD AGREEMENT ON ADMINISTRATION. ALSO PANAMANIAN FOUND PROBLEMS WITH OUR JOINT DEFENSE PAPER. HE SAID TALKS WILL CONTINUE IN WASHINGTON BETWEEN DEPUTY NEGOTIATORS AND FONMIN TACK WILL MEET AMBASSADOR BUNKER IN WASHINGTON IN LATE SEPTEMBER AFTER ATTENDING UNGA. IN REPLY TO GOVERNOR'S QUESTION WHETHER LATEST SESSION AFFECTED ADVERSELY OVERALL US-PANAMANIAN RELATIONS, AMBASSADOR INDICATED PERSONAL AND OFFICIAL RELATIONSHIPS BETWEEN NEGOTIATORS REMAIN CORDIAL BUT THAT TOUGH BARGAINING SESSIONS WILL BE REQUIRED IN FUTURE TO FIND COMMON GROUND.

2. AMBASSADOR ALSO GAVE BRIEF STATUS REPORT OF SITUATION BETWEEN GOP AND UNITED BRANDS OVER BANANA CONTROVERSY, STATING THAT MATTER REMAINS ON DEAD CENTER.

3. AMBASSADOR DISTRIBUTED AMENDED CONTINGENCY PLAN AND
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INQUIRED WHETHER PRC IN POSITION TO APPROVE PLAN AT THIS

TIME IN VIEW FACT AMENDMENTS HAD BEEN PREVIOUSLY AGREED UPON AT WORKING LEVEL AND ALSO BECAUSE WSAG HAS SCHEDULED MEETING IN TEN DAYS TO CONSIDER PLAN. GOVERNOR PARKER REPLIED HE WOULD NEED TIME TO REVIEW CONTENT OF CONTINGENCY PLAN AND TO DETERMINE ITS PLACE WITHIN HIERARCHY OF SIMILAR EMERGENCY ACTION PLANS. IT WAS DECIDED THAT PRC MEMBERS COULD INDICATE THEIR CONCURRENCE OR SUGGESTED MODIFICATIONS BY A MEMORANDUM OR THAT A SPECIAL MEETING COULD BE CONVENED AT AN EARLY DATE, IF NECESSARY.

4. GOVERNOR PARKER DESCRIBED THE TWO LOW-KEY EVENTS BY WHICH PAN CANAL WILL OBSERVE 60TH ANNIVERSARY OF OPENING OF CANAL. THE GOVERNOR STATED HE COULD NOT IGNORE THIS ANNIVERSARY BUT ON OTHER HAND HE DID NOT WANT TO OVERDO THE CELEBRATION IN LIGHT OF PRESENT STATE US-PANAMANIAN RELATIONS. A LIMITED NUMBER OF PANAMANIAN WITH DIRECT INTEREST IN CANAL OPERATIONS AND SOME AMBASSADORS HAVE BEEN INVITED BUT NO HIGH LEVEL GOP OFFICIALS ARE INCLUDED IN INVITATION LISTS. THE GOVERNOR COMMENTED THAT HE HAD NOT BEEN INVITED TO ANY OF THE EVENTS COMMEMORATING THE 455TH ANNIVERSARY OF THE FOUNDING OF PANAMA CITY.

5. GOVERNOR PARKER REPORTED THAT AS A RESULT OF CONGRESSMAN LEGGETT'S VISIT THE GAO WILL INVESTIGATE THE FRINGE BENEFITS, HOUSING AND SCHOOLING FOR VARIOUS GROUPS OF PAN CANAL EMPLOYEES. GOVERNOR PARKER CONSIDERED THIS AN UNFORTUNATE DEVELOPMENT AND SAID THAT WHEN THEY ARRIVE GAO REPS WOULD PROBABLY REQUEST MEETINGS WITH THE EMBASSY AND SOUTHCOM. GOVERNOR PARKER DECLARED PAN CANAL HAS ALWAYS MAINTAINED GOOD RELATIONS WITH GAO AND HE DID NOT EXPECT A HOSTILE ATTITUDE ON THE PART OF THE AUDITORS.

6. WITH RESPECT TO THE LATIN AMERICAN COMMUNITIES, GOVERNOR PARKER STATED THAT PAN CANAL NOW CONSIDERING A VARIANT OF AN EARLIER PROPOSAL WHICH WAS TO "ROLL UP" THOSE COMMUNITIES INTO RAINBOW CITY AND RETURN IT TO PANAMANIAN JURISDICTION. THE VARIANT CONSISTS IN ELIMINATING THE LATIN AMERICAN COMMUNITIES OVER THE NEXT 3-4 YEARS AND INTEGRATING ALL HOUSING AREAS WITH

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US AND PANAMANIAN EMPLOYEES. ALL EMPLOYEES OF THE NM-7 LEVEL WOULD BE ELIGIBLE FOR HOUSING AND THE SECOND (SPANISH) SCHOOL SYSTEM WOULD BE ABOLISHED. SUCH A PLAN WOULD IN EFFECT MAKE MORE HOUSING AVAILABLE FOR US EMPLOYEES AND DISPLACE MANY PANAMANIAN NOW OCCUPYING HOUSING IN LATIN AMERICAN COMMUNITIES WHO HAVE LOWER JOB CLASSIFICATION. THIS GENERAL APPROACH WILL HAVE TO BE DISCUSSED WITH GOP AND MAJOR PROBLEM PRESUMABLY

WILL BE ABANDONMENT OF SPANISH SCHOOL SYSTEM.

7. GOVERNOR PARKER REVEALED DISCOVERY OF LARGE-SCALE THIEVERY RING OPERATING OUT OF PAN CANAL LOCKS. RING APPARENTLY INVOLVES PERSONNEL FROM LOCK SECURITY FORCE, BLUE COLLAR AND SUPERVISORY EMPLOYEES, MOST OF WHOM ARE AMCITS. SOME PANAMANIAN DRIVERS ALSO INVOLVED. GOVERNOR STATED THAT INVESTIGATION SO FAR BASED MAINLY ON HEARSAY AND NOT PRESENTLY KNOWN WHETHER CRIMINAL PROCEDURES WILL BE INSTITUTED. HOWEVER, SOME FIRINGS WILL CERTAINLY TAKE PLACE AND MATTER COULD BE EXPLOITED IN PRESS.

8. LEGISLATIVE PROGRAM: (A) GOVERNOR PARKER REPORTED THAT CONGRESS IS BEING REQUESTED TO INCREASE PAN CANAL'S CURRENT \$10 MILLION BORROWING AUTHORITY TO \$40 MILLION. THESE FUNDS WOULD BE AVAILABLE FOR CONTINUING PAYMENTS IF CANAL CLOSED DOWN OR FOR EXECUTION OF RUSH PROJECT. PAN CANAL SOMEWHAT CONCERNED THAT PANAMANIANS MAY FIND REASON TO EXAGGERATE IMPORTANCE OF THIS LEGISLATIVE PROPOSAL. (B) ALSO PENDING IS BEILL WHICH WOULD REQUIRE PANAMANIANS TO RETIRE AT SAME AGE (62) AS US EMPLOYEES. THIS IS CONTROVERSIAL BILL BECAUSE IT WOULD APPEAR TO FORCE OUT PANAMANIANS FROM THEIR JOBS. (C) THERE IS NO INFORMATION REGARDING THE STATUS OF THE LOTTERY BILL OR THE PROPOSED TRANSFER OF FRANCE FIELD. WITH RESPECT TO THE LATTER, GOVERNOR PARKER STATED HE HAD HEARD REPORT THAT NSA IS OPPOSED. AMBASSADOR JORDEN SAID HE WOULD ENDEAVOR TO FIND OUT STATUS OF THE LVARIOUS BILLS.

9. PLANS FOR THE INAUGURATION ON SEPTEMBER 6 OF THE C-15 ROAD, A JOINT US-PANAMANIAN PROJECT, WERE DISCUSSED BRIEFLY. AMBASSADOR JORDEN AGREED TO WRITE CONFIDENTIAL

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PRESIDENT LAKAS TO INVITE HIM TO PARTICIPATE IN THE JOINT CEREMONIES.

10. GENERAL FLEMING REPORTED THAT THE MATTER OF THE SQUATTERS WOULD CONTINUE TO BE HELD IN ABEYANCE AS DECIDED BY PRC AT JULY 17 MEETING. HE INFORMED OTHER MEMBERS THAT GENERAL ROSSON WOULD RETURN TO PANAMA ON AUGUST 23.
JORDEN

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